BEFORE THE

PUBLIC UTILITIES COMMISSION OF THE STATE OF CA

Order Instituting Rulemaking)
on the Commission's Own Motion)
to Adopt New Safety and Reliability Regulations R.02.11.039
for Natural Gas Transmission and Distribution Pipelines)
and Related Ratemaking Mechanisms.)

COMMENTS OF THE UWUA
On the
REPORT OF THE INDEPENDENT REVIEW PANEL

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<u>**COMMENTS OF THE UWUA**</u>
<u>**On the**</u>
<u>**REPORT OF THE INDEPENDENT REVIEW PANEL**</u>

I. Introduction and Overview

The Report of the Independent Review Panel is a foundational document for improving safety culture and safety practices in industry. It is a report that has benefitted the perspectives brought about by inclusion and participation of an employee union representative, as well as a member experienced in the utility. UWUA is particularly impressed that has questioned the distinction made by PG&E between employee safety and public it clear that both beneficiaries of employees program the public large – are stakeholders whose views and be addressed by a functioning organization. UWUA fully agreed this perspective.

These Comments will primarily focus on the Report elements (1) of the importance of safety culture for improving utility performance of gas service for the benefit of the public and employ assessment of and recommendations for improving the regulatory performance of the California Public Utilities Commission. closely related by the **transparency** and **participation by all stakeholders** in shaping gas utility operations, best articulated by the

> ...[S]uccessful implementation of the actions we recommend only through the collective commitment all of the stakeholders. There will be arguments over which should investments made, who will pay them, and what represents an acceptable level of safety *There must be a fact-based discussion and civil colloquy among the stakeholders about the path to a safer gas transmission system* In addition, the Panel is hopeful

1 *IRP Report* at page 7 and footnote 4.
2 Comments of UWUA G filed R. April 11, 2016 at pages 2

commitment to investments in infrastructure will bring with investment in the talents and capabilities of our engineers, technologists, and other professionals. *IRP Report* page 27 (emphasis in original)

In adopting this tone the IRP echoes the Commission itself:

...This Commission is currently confronting the most deadly California history from public utility operations. We are commitment to improve the safety of natural gas transmi In this context, it is absolutely essential that our regu display the highest level of honesty and . We understand that t issues at hand implicate substantial expenses and capital and that the optimum means to address these safety subject to reasonable *To debate our Constitutional and Statutory duties, we must have forthright and timely explanations of the issues, as well as comprehensive analysis of the advantages and disadvantages of potential actions* D.11.06.017, Section 3 (issued June 9, 2011) emphasis added

These two notions the importance of inclusive factual discussion among all stakeholders and among stakeholders including regulators critical to the creation culture called safety the Commission in its Order in proceeding.[3] As one essential the stakeholder groups in the industry safety process at Southern California Gas (SCG) employees represented by UWUA seek to contribute based discussion fact and to fully partici meaningful, substantial and dialogue in the active colloquy among stakeholders" including the Commission too by *IRP Report*

II. Safety Culture

The *IRP Report* is necessarily specified aspects PG&E's corporate culture. general observations in that provide appropriate guidance to the industry as a whole. Of particular importance reference the

[3] D.11 issued February 24, 2011 at Section 6.

Guiding Principles of the Interstate Natural Gas Association of America (INGAA) and their core concept that the goal of pipeline integrity is zero incidents, published in December 2010.[4]

- Our goal is zero incidents
- We are committed to safety culture as a critical dimension...
- We will be relentless in our pursuit of improving by...
- We are committed to applying integrity management principles on a system-wide basis
- We will engage our stakeholders so they understand and...
  reducing risk

INGAA advocates and the *IRP-Report* that recommends a systems approach to which a continuous process embodying these employed principles approach the goal of zero incidents:

> ...it is essential that an operator maintain a virtuous cycle employing the following elements, shown pictorially below:

> ➢ **Identify segments and threats**
> ➢ **Inspect and assess**
> ➢ **Mitigate; remediate**
> ➢ **Quality assurance (QA)**
> ➢ **Generate new data and analysis**
> ➢ **REPEAT**[5]

Of particular importance in the INGAA Guiding Principles elements that emphasize "two-way stakeholder communication" and "long-term commitment." Two-way communication among stakeholders, as distinguished from peremptory one-way communication, is at *IRP-Report's* safety culture concept.

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[4] *IRP-Report* page 4 at footnote 2 and at 65, fn 53. The ... at http://www.ingaa.org/File.aspx?id=13189

[5] *IRP-Report* at 4, and at 65, graphic format showing circul... elements omitted. The Report graphic was adapted from ... Principles.

The *IRP Report* makes clear that the safety culture and t[he commitment] to safety it embodies should engage every employee:

> Recommendation 5.1.4.1 PG&E needs to create a system culture integrity that enables every employee to recognize and understand [how their day-]to-day actions affect[...] system.

Although this recommendation [comes] at the end of the discussion [in chapter 6] senior management specifically criticizing [the emphasis] placed on their valuation [of] financial performance as opposed to operational excellence and all[...] relevant to engagement of workers and their supervision. In conjunction with this recommendation the IRP Report recommends the decreasing the organizational distance between field workers responsible for deliv[...] and management and focusing on core operational expertise technical[...]

Transparency and Two-Way Communication

At the core [of the *IRP Report*] the safety culture is a transparent communication among stakeholders, with the goal being progress[...] incidents:

> Recommendation 5.4.4 PG&E needs to establish a pipeline culture integrity that enable field [staff to encourage reporting] of deviations from company policies, processes, or pipelines. [PG&E] safety inspectors should view [self] deviations [as] conformance rather than noncompliance[...]
>
> Recommendation 5.4.5 PG&E should develop and adopt a ma[nagement] framework that reflects the [continuous] improvement of thinking of pipeline integrity and safety as [a journey applied] across the enterprise, where progress [is sustainable], and is consistent with the best thinking on pipeline safety integrity a[...]

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[6] *IRP Report* at 56
[7] *IRP Report* Recommendation 5.1.4.2, and discussion at pages 54-55[...]

management.[8]

Recommendation 5.4.4.4 is evidently intended to reduce the open and transparent communication about and near destructive[†] occurrences that involve compliance with standards and requirements.[†] an important feature of a safety culture that identifies and remove proactively, because it "encourages"[†] self With the disciplinary removed, a constructive to approach[†] identification and elimination instituted, where "progress is transparent and measurable."[†] Although the IRP' Recommendations are made in the context of a revised CP the suggestion is even more significant in the operating[†] co line and employees[†] are knowledgeable and most responsible[†] potentially most at risk from a straightforward assessment of human factor issues.[†]

Among the significant barriers to transparent communication[†] among stakeholders and a continuous commitment[†] to safety improvement is what the IRP compliance[†] "culture of

> Compliance and expenditures for projects authorized in rate
> forces affecting the infrastructure investment and maintenance
> PG&E's gas operations. A "compliant" company may or may not
> safe system. Rather, only if the adherence to the lett
> to an overall approach of process excellence (emphasis safety
> added)

Related to weakness is what IRP calls "Appropriate strategy setting," which emphasizes image management over substance and which

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[8] *IRP Report* at 75, footnote 67 omitted

[9] *IRP Report* at page 54

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undermines the company's credibility with its employees as w

The *IRP Report* contrasts this with what it calls a "ma

> An organizational maturity in the area of risk management i
> priority, and the thought and effort it allocates to this
> meet the challenge of addressing the complexities inherent
> management, the leadership of the organization needs to
> promote a thorough and honest companywide communication
> system ensure it receives all of the information
> identify the key risk decisions and should to make well
> informed decisions about them in a organization fashion
> a mature risk culture is one willing and able to
> the organization's significant decisions in a thorough yet
> risk culture is set by the top management team, can
> of Directors, and is informed by a workforce engaged
> communication process, underpinned by subject matter experti
> business. (emphasis added)

By emphasizing a "gotcha" approach to standards enforcement

with a systems approach that identifies and eliminates hazard

a robust company-wide communication process, the IRP

organizational culture that can empower all employees to partic

to the public the level of service and ensuring that Califor

UWUA members expect This is what the Commission is drivi

efforts in this proceeding.

III. Strengthening the CPUC The Role of Employee Communications

One of the truly significant *IRP Report* elements is its recognition c

centrality of the relationship between utility and regulator in

sustaining a safety culture. The insightful observations about pot

improvements at the CPUC in technical and professional skills

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10 *IRP Report* at page 18
11 *IRP Report* at page 16

procedures; and internal communication among the disparate organizations that make up the CPUC are meritorious and seriously ought to be taken in formal action in a number of cases. UWUA is prepared to argue for additional budgetary resources and improved professional skills and deployment. Support of CPUC participation in national forums dealing with gas system safety is another significant step taken to assure that a meaningful approach to safety culture is implemented for the public's benefit

Employee representatives can play a developing role in the agency's oversight of the safety of its several aspects: in improved flow of information during inspections and audits; in practical advice on procedures and programs between inspection and audit intervals; program experimentation and analysis. The use of knowledgeable employees in these roles can reduce the costs of thorough and effective surveillance of utility safety activities.

In this vein, the UWUA made several specific suggestions for improving communication among utility, utility employees, and its regulators in its Closing Comments[12] in this rulemaking:

"C. Transparency of the Safety Commitment for Government Oversight

"A systems approach to safety requires removing obstacles to disclosing safety issues, both in compliance and in performance, to regulators and to enforcement agencies. The goal is a cooperative, proactive approach that avoids damage before it happens, replacing a reactive approach to damage that might have been prevented. The UWUA proposes a regular and consistent flow of communication among utility management, employees and government agencies, in accordance with the following principles:

• Gas pipelines are essential facilities providing a critical service to the California public. Safe operation is of paramount importance to the employees of the utility and for the consuming public that relies on gas transport and delivery facilities.

12 UWUA Comments on R.11-02-19 filed April 11, 2011, at 11

- There should be regular institutionalized channels of comm... the three sets of safety stakeholders with direct respons... (1) utility managers with operational responsibilities including... monitoring and remediation including repair and replacement;... employees performing transmission, distribution and field service fu... (3) government agency investigative and enforcement personnel... them to carry out their respective roles in assuring... are operated and maintained in a safe and effective... the public and consumers of gas service..

- Utility employees through their bargaining representatives shou... fully and equally in development, implementation, interpretatio... modification of programs for protecting the safety of th... employees, recognizing that in the industry good operation and... maintenance programs have implications for safety. They s... in presentations to agencies having approval authority and... when enforcement authorities come on the property to... utility operation, maintenance, construction or other activities.

"Utility employees through their bargaining representatives sho... established channels of communication at regular intervals... management with public agencies having and regular enforcement"

These recommendations should be acted on expeditiously i... congruent suggestions in the *IRP Report*. Putting the institutional underpinnings... such a process in both place within the utility institutions and... make a meaningful contribution developing the safety culture envisione... *IRP Report*. The Commission has made it plain that it seeks... with gas utility employees formally and informally. In its initial order... proceeding the Commission requested comment on the advisabilit... whistle-blower protections. The creation of a "mature" organization... as advocated by the *IRP Report* would make surreptitious, safety-oriented... communication unnecessary and potentially counterproductive

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13   D.02-03-049 issued February 26, 2011, Item 10.

CONCLUSION

For the foregoing reasons the California Public Utilities Comm and act on the Report of the Independent Review Panel Incidents objective and system approach to safety, incorporating made above to fully include fully employee transparency to two communications process including safety systems for hazard identification, assessment, and elimination communication and back, long term commitments to safety promotion.

Respectfully submitted

/s/   /s/

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